

Statement Of
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On Behalf of ACI-NA and the American Association of Airport Executives (AAAE)
House Aviation Subcommittee Hearing on Financing/Deployment of Explosive Detection Systems
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On behalf of the men and women who operate and manage America's airports, I want to thank the subcommittee for the opportunity to discuss the current state of affairs regarding the installation of explosive detection system (EDS) equipment in airports across the country. Moving bulky EDS machines from crowded terminal lobbies – where they were originally placed in an effort to quickly meet congressional deadlines – and permanently placing them as part of an integrated “in-line” baggage systems remains a top priority for airports across the country and a key challenge that the federal government must attend to as quickly as possible. With passenger traffic quickly returning to record levels, we simply cannot afford to wait for a bad situation to turn intolerable.

Before diving into the specifics on EDS installation, I first want to thank you, Chairman Mica, and all the members of the subcommittee for your efforts to tackle this issue head on. The recently enacted VISION-100 Federal Aviation Administration reauthorization legislation included several important provisions that we hope will prove helpful in gaining some of the resources that are so desperately needed for the federal government to fulfill its obligation to purchase and install EDS equipment at the nation's airports. We also appreciate your efforts during recent consideration of the Department of Homeland Security spending bill to ensure that those important provisions remain intact. Additionally, your continued interest in this topic as evidenced by today's hearing is extremely encouraging, and we look forward to continuing our work with you.

I also would be remiss if I didn't express at the onset in the strongest terms possible the desire of airport operators to serve as active partners working with the federal government to address EDS installation challenges and numerous other security issues. From the time the Transportation Security Administration was created in the aftermath of September 11, airports have aggressively and persistently attempted to

develop a collaborative working relationship with TSA, which we believe makes perfect sense given the unique expertise of airport operators and the incentives airports have as public institutions to perform security responsibilities at the highest levels.

While our attempts at partnership have been met with varying degrees of success, we are convinced that EDS installation projects offer the perfect opportunity to build a more balanced federal-local partnership. The best path forward in our view to more effective, efficient and secure airport baggage screening is one where federal resources and standards pave the way guided by local experience and management.

Adequate Funding Remains a Key Impediment to Moving Forward with EDS Installation Projects

Unfortunately, finding adequate federal resources remains a huge challenge and a key impediment to moving forward with EDS installation projects. While virtually everyone agrees that integrating EDS equipment in-line makes sense from a security, safety and efficiency standpoint and is a wise long-term investment, gaining the estimated \$4 billion to \$5 billion in federal funding needed at airports across the country to reinforce flooring, make electrical upgrades, and construct new facilities has been difficult given federal budget constraints and given the ways in which the money made available to this point has been utilized.

Through fiscal year 2004, Congress has appropriated \$1.488 billion for EDS-related terminal modifications, although significant portions of those funds were used by TSA on the short-term challenges associated with getting EDS machines in airports to meet the 12/31/02 deadline. Conservative estimates show that the federal government needs to commit a minimum of \$3.5 billion in the future to get the job done at airports across the country.

Unfortunately, the prospects for quickly addressing the existing funding gap remain bleak. For fiscal year 2005, an additional \$269 million in funding has been included in the House-passed version of the spending bill for the Department of Homeland Security, and the Senate committee-passed version of that

legislation includes \$250 million. Both the House and Senate figures for fiscal year 2005 are well below the \$500 million that was authorized for EDS installation and other airport security-related improvements as part of VISION-100 and well below the amount necessary to seriously address the overwhelming needs that exist at airports across the country.

In fact, funding in the \$250 million range allows TSA to move forward only at the eight airports that currently have Letters of Intent (LOIs) with the agency, and even in those cases there is some question as to whether or not the federal government can meet its mandate under the law to fund those projects with a 90 percent federal share. As you recall, the LOI process allows interested airports to provide immediate funding for key projects with a promise that the federal government will reimburse the airport for those expenses over several years. At Dallas-Fort Worth International Airport, for example, the airport used its strong rating in the financial market to leverage the LOI and to issue bonds to install these systems. This approach takes advantage of professional airport management capabilities and maximizes the use of limited federal resources to ensure that key construction projects get underway as soon as possible.

Under the LOI process, the federal government has committed to reimbursing airports for these projects over a three to five year period. The following lists the eight LOI airports and provides an estimate as to what the fiscal year 2005 installment is at each airport assuming that the projects are funded with a 90 percent share as required by law:

LOI Airports

Airport	LOI Total Cost	Estimated FY 2005 Payment - 90%Share
Atlanta	\$125 million	\$28 million
Boston Logan	\$116 million	\$25 million
Dallas/Fort Worth	\$139 million	\$42 million
Denver International	\$95 million	\$23 million
Las Vegas McCarran	\$125 million	\$28 million
Los Angeles/Ontario	\$342 million	\$77 million
Phoenix	\$122 million	\$27 million
Seattle/Tacoma	\$212 million	\$48 million
Total LOI Airports:	\$1.276 Billion	Total FY 2005 Obligation: \$298 million

Although airports contend that the cost of these projects should be met entirely by the federal government, given its direct responsibility for baggage screening established in law, in light of the national security imperative for doing so, and because of the economic efficiencies of this strategy, airports have agreed to provide a local match of 10 percent in the case of large and medium hubs and 5 percent for smaller airports. We continue to strongly oppose proposals by the Administration to dramatically increase the local share beyond the levels established in VISION-100.

While the projects at those eight airports are necessary, critical, and a top priority, the simple fact of the matter is that limping along at \$250 million a year will not get a project started at even one additional airport in the foreseeable future. Clearly, more resources are needed to address the dozens of other airports that do not currently have LOIs with the TSA. To give the subcommittee an idea of the scope of current needs that exist beyond the eight LOI airports, we have included the latest data we have from a number of airports that have identified EDS installation as a major challenge facing their facility.

Airports Currently Without Funding in Place for EDS Installation (With Project Cost Estimate)

Albuquerque	\$48 million
Anchorage	\$30 million
Biloxi	\$5 million
Bismarck	\$20 million
Bradley	\$35 million
BWI	\$65 million
Charlotte	\$40 million
Chicago Midway/O'Hare	\$90 million
Cincinnati	\$20 million
Cleveland	\$45 million
Colorado Springs	\$15 million
Detroit	\$100 million
Elgin AFB	\$2 million
El Paso	\$15 million
Ft. Lauderdale	\$85 million
Grand Rapids	\$20 million
Guam	\$14 million
Harrisburg	\$15 million
Honolulu/Kahului	\$78 million
Houston	\$115 million
Jackson	\$9 million
John Wayne	\$12 million
Kansas City	\$34 million
Memphis	\$42 million
Miami	\$200 million

Milwaukee	\$35 million
Minneapolis/St. Paul	\$30 million
Nashville	\$40 million
Newark	\$99 million
New Orleans	\$14 million
New York LaGuardia	\$98 million
New York JFK	\$250 million
Oakland	\$30 million
Omaha	\$18 million
Orlando	\$140 million
Palm Beach	\$30 million
Panama City	\$10 million
Philadelphia	\$65 million
Portland	\$45 million
Port Columbus	\$22 million
Providence	\$38 million
Raleigh-Durham	\$40 million
Richmond	\$30 million
Rochester	\$10 million
St. Louis	\$90 million
St. Thomas	\$10 million
Salt Lake City	\$20 million
San Antonio	\$40 million
San Diego	\$20 million
San Francisco	\$22 million
San Jose	\$172 million
San Juan	\$130 million
SW Florida	\$28 million
Tampa	\$124 million
Tucson	\$10 million
Washington Dulles	\$121 million
Washington Reagan National	\$52 million
Total:	\$3.037 billion

We believe that there are dozens of additional airports not listed here that have yet to develop comprehensive cost estimates or that have not yet responded to our requests for information.

Despite these overwhelming needs, the federal government does not yet have a long-term EDS solution at a significant number of airports across the country. The TSA's task has not been made any easier by opposition from the Office of Management and Budget (OMB) to the issuance of additional LOIs to airports for these projects. It is our sincere hope that OMB will quickly move past what we believe is a short-sighted view of this problem and focus on the long-term benefits that can be achieved by

immediately investing to make the terminal modifications necessary to accommodate EDS equipment.

The longer these investments are stretched out, the more resources are wasted unnecessarily.

Mr. Chairman, the installation of EDS equipment in airports is a perfect example where the federal government cannot afford to be penny-wise and pound foolish. While it is true that the procurement and installation of EDS systems will require significant upfront expenses, those capital costs are relatively modest when compared to the extraordinary expenses necessary to pay for literally thousands of extra screeners year after year after year using today's model. One need only look to the real-world example of Lexington Blue Grass Airport in Lexington, Kentucky to get a very real example of the dramatic personnel savings that can be achieved by moving forward with these projects. Larger airports stand ready to achieve even bigger gains, with modeling in San Francisco, for example, showing savings of tens of millions of dollars annually for an in-line EDS solution.

Beyond additional resources, we urge TSA to continue its work with airport operators and managers to ensure that proposed solutions and changes are really the best course at an individual facility. Airport professionals understand the configuration and layout of their facilities better than anyone and are uniquely suited to highlight where pitfalls lie and where opportunities exist. In addition, TSA must continue to work with airport operators to optimize the use of limited space in airport facilities and to pay airports for the agency's use of space in accordance with the law.

Airports are pleased that the DHS funding bills working their way through the House and Senate provide significant resources for ongoing maintenance of EDS machines. As the machines age and as their use continues to grow and their warranties expire, it is critical that funding is provided to keep the existing machines in operation and to restore machines that fail.

New Technology Holds Additional Promise

In addition to investing in necessary infrastructure improvements and maintenance, the federal government needs to look toward the promise of new technology and invest in making those promises a reality. Like you, Mr. Chairman, we remain convinced that there are a number of additional applications for new technology to improve baggage screening. The key is for the federal government to encourage innovation in these areas and to make it a priority to investigate and approve new technology as quickly as possible. “On-screen” resolution using EDS equipment, for example, offers great promise in enhancing the efficiency of integrated in-line baggage systems, and the utilization of technology to achieve that goal should be encouraged.

We must also look beyond our borders to learn from the experiences of the rest of the world. In many instances, the goals that we have been discussing over the course of the past several years both in terms of operations and technology are already a reality in many places. We would be wise to study those successes and incorporate best practices where appropriate.

Conclusion

Permanent installation of EDS equipment as part of integrated in-line baggage systems offers huge potential to improve security, safety, and efficiency at the nation’s airports and to significantly reduce personnel costs to the federal government. Despite the very clear and compelling case for moving forward with these projects as quickly as possible, we appear destined without a shift in Administration budget priorities to limp along with a piecemeal approach that will leave dozens of airports without the resources they need to proceed. Today’s problems with overcrowded airport terminals and time-consuming in-lobby processes are quickly reaching a crisis point, and the situation is certain to get worse as the airlines continue to add back seats in existing and new markets.

The situation requires bold action and innovative thinking on the part of the federal government and airport operators. For our part, airports stand ready to play an active role in partnering with TSA to

leverage federal resources and to provide expertise and guidance. We appreciate the support of the subcommittee in pursuing this important issue, and we look forward to continuing our work with you.